EXHIBIT 1

Language[1] from Consolidated Amended Class Action Complaint (ECF No. 34) in _In re Valve Antitrust Litigation_ (Case No. 2:21-cv-00563-JNW)	**Language from Class Action Complaint (ECF No. 1) in _Hepler et al. v. Valve Corp._ (Case No. 2:24-cv-01735-JNW)**
In 2003, Valve launched the Steam Gaming Platform which, at the time, centered primarily on providing a patch and update process for Valve-developed games. Patches fix flaws, or "bugs," in a game's software after initial release, while updates often incorporate new functionality or content into the game. Prior to introducing the Steam Gaming Platform, Valve had difficulty with providing patches and updates for its games, which created problems for Valve because its games often involved an online multiplayer component that required the various copies of games that users owned to interact with each other. Because users often obtained different versions of the games (_e.g.,_ v1, v1.1, v1.2, etc.), they could have compatibility problems which would prevent them from playing together. The Steam Gaming Platform provided a central location for Valve customers to receive those software updates and keep their games up to date. ¶ 49.	Valve's business strategy underwent a significant change in 2003 with the introduction of Steam. The platform initially focused on providing a way to patch and update Valve-developed games. Patches addressed software flaws, or "bugs," while updates often introduced new features or content. Prior to Steam, Valve struggled with delivering patches and updates, particularly since its games frequently included an online multiplayer component that required synchronization across various game versions owned by different users. Because users frequently had different game versions (e.g., v1, v1.1, v1.2), compatibility issues often arose, preventing players from gaming together. Steam addressed this by offering a centralized location for users to receive software updates, ensuring their games were kept up to date. ¶ 33.
Gamers develop large game libraries on the platforms of their choice, along with social networks and other features. This makes it less likely the gamer will switch platforms or view versions of games enabled for different platforms as interchangeable. A gamer who has an extensive list of friends on the Steam Gaming Platform along with a large library of games is less likely to purchase the Xbox edition of the game, even if she owns an alternative platform like the Xbox. ¶ 70.	Gamers also build extensive game libraries and social networks on their chosen platforms, which makes it less likely they will switch to a different system. For example, a gamer with a large Steam library and many friends on Steam is unlikely to buy the Xbox version of a game available on both platforms, even if they own an Xbox. ¶ 85.
Moreover, games that allow online multiplayer gaming do not always allow the players on each platform to game together across different hardware systems or different gaming platforms. For example, a game released on both PC Desktop and	Similarly, gamers who play multiplayer games often develop large social networks on specific gaming platforms, and switching platforms may cause them to lose the ability to play those games with their friends. Not all games that offer online multiplayer options

[1] In-text footnote numbers were omitted from the language included in the table.

PlayStation does not necessarily allow the PC Desktop gamers to play with the PlayStation gamers. The same is true across PC Desktop Gaming Platforms like the Steam Gaming Platform and the Epic Games Store (the "EGS Platform"). ¶ 71.	allow cross-platform play. For example, a game available on both PC and PlayStation may not permit PC gamers to play with PlayStation gamers. This limitation also applies across different PC gaming platforms like Steam and the Epic Games Store. ¶ 86.
As discussed above, Valve admitted to and emphasized this distinction in its Letter Brief responding to a third-party subpoena in the case *Epic vs. Apple,* where Valve explained: "Valve does not compete in the mobile app market at issue," "Valve does not make or sell phones, tablets, or video games for mobile devices, or otherwise compete in the mobile market," and "Steam users cannot buy or use mobile apps on Steam." ¶ 87.	Valve itself acknowledges that PC games do not compete with mobile games. Valve has stated: "Valve does not make or sell phones, tablets, or video games for mobile devices, nor does it operate in the mobile market. Valve runs Steam, an online platform that allows users to purchase and play PC games on their laptops and desktops. Steam users cannot buy or use mobile apps on Steam." Valve has further clarified that it "does not compete in the mobile market or sell 'apps.'" ¶ 93.
Another category of games at the very low end of the broader gaming universe is browser games playable on websites like Facebook and others. Before mobile devices and games grew in popularity, browser-based games like Farmville were a popular way to enjoy low-fidelity social games. Given the limited technical capabilities web browsers have historically provided these browser-based games were largely "casual" games meant to cater to a broad audience. . . . As smartphones gained in popularity starting in 2007, web browser game developers shifted more and more resources to mobile gaming. Today, although web browser games still exist, they are much rarer than before and primarily compete with mobile games. ¶ 75.	These browser-based games represent the lower end of the gaming spectrum. Before the rise of mobile gaming, browser-based games were a common way to enjoy casual gaming experiences. However, given the limitations of web browsers, these games were constrained in terms of quality and performance. As mobile gaming gained popularity, developers increasingly shifted resources from web browser games to mobile platforms. Today, although web browser games still exist, they have become less prevalent and now primarily compete with mobile games. ¶ 96.
Humble Bundle is an organization that originally offered "bundles" in which customers would pay whatever price they want in order to purchase multiple games at once. Users could choose how much of their payment they wanted to direct to each publisher, or to a charity of their choice. This option proved very popular with both customers and publishers, selling hundreds of thousands of bundles in each event, and transferring millions of dollars to publishers	Humble Bundle initially offered game "bundles" where customers could pay any price they wished to acquire multiple games. Users could choose how their payment was divided among the publishers or donated to a charity. This model proved popular with both consumers and publishers. Following the initial "Humble Indie Bundle" event in 2010, Humble Bundle continued organizing similar events on an increasingly larger scale. These events sold hundreds of thousands of

and charities. After the initial "Humble Indie Bundle" event in 2010, Humble Bundle began organizing similar events of increasing scale and frequency. In total, Humble Bundle charitable donations have added up to over $197 million. ¶ 151.	bundles, transferring millions of dollars to publishers and charities. In total, Humble Bundle's charitable donations have amounted to over $197 million. ¶ 59.
Due to the prevalence of the Steam Gaming Platform, customers requested that Humble Bundle include Steam Keys in their events for convenience, and Humble Bundle complied. But the security flaws in Steam Keys caused problems. Customers often only associated some of the Steam Keys in the bundle to their personal Steam accounts, and had other Steam Keys left over. Because they are just strings of text, customers could easily resell keys that they did not want, which were pushed to the grey market. This made publishers reluctant to participate in Humble Bundle events, because the publishers lost control over the price and distribution of their Steam Keys, which undercut the value of their products. ¶ 152.	Due to Steam's prominence, customers requested that Humble Bundle include Steam Keys in their events for convenience, to which Humble Bundle agreed. However, the security flaws in the Steam Key system led to problems. Customers often only added some of the keys in the bundle to their personal Steam accounts, leaving the others unused. Since these keys were merely text strings, they could be easily resold, fueling the grey market. This made publishers hesitant to participate in Humble Bundle events, as they lost control over the price and distribution of their Steam Keys, diminishing the value of their products. ¶ 60.
Humble Bundle solved this problem by working with Valve to create a direct integration between the Humble Bundle store and the Steam Gaming Platform. Humble Bundle customers would purchase a bundle, and then choose whether to download the games directly, or to link the games to a specific Steam account. If the customer chose the latter, the integration would automatically add all of the games to the customer's Steam account for use in the Steam Gaming Platform. ¶ 153.	Humble Bundle addressed this issue by collaborating with Valve to create a direct integration between its store and the Steam platform. Customers who purchased a bundle could choose either to download the games directly or to link them to a specific Steam account. If they selected the latter, the integration would automatically add all the games to the customer's Steam account for use on Steam. ¶ 61.
Sales of these games were guaranteed to be legitimate, because Valve added the games directly to the gamer's Steam account on the Steam Gaming Platform. Because Steam Keys were never directly exposed, this system was more secure. Humble Bundle's sales increased, in large part because publishers no longer feared their Steam Keys would end up in the grey market. . . . But after Humble Bundle's distribution of Steam-enabled games began to scale, Valve abruptly	This method ensured that sales were legitimate because Valve directly added the games to the player's Steam account. With the direct integration eliminating the exposure of Steam Keys, the system was more secure. Consequently, Humble Bundle's sales grew, as publishers were no longer concerned about their Steam Keys ending up in the grey market. However, once Humble Bundle's distribution of Steam-enabled games started to grow, Valve

removed the secure integration between Humble Bundle and the Steam Gaming Platform. ¶¶ 154–56.	abruptly ended the secure integration with the Steam platform. ¶¶ 62–63.
There is no legitimate technical or other justification for Valve cutting off the direct integration that it had previously made available to Humble Bundle. Valve's termination of Humble Bundle's keyless integration with the Steam Platform can be explained only by anticompetitive motive— Valve terminated this integration with its Steam Platform because its Steam Store offering faced increased competition. Valve's reversal caused significant harm to publishers and consumers . . . . ¶¶ 158–59.	Valve's decision to cut off Humble Bundle's keyless integration has no legitimate technical or other justification. The termination of this integration can only be explained as an anticompetitive move— Valve acted because Steam was facing increased competition. This reversal caused significant harm to both publishers and consumers. ¶ 64.
Valve's rivals in the market for PC Desktop Gaming Platforms, including Ubisoft and Epic Games, offer similar "keyless" distribution programs. For example, the Epic Games Store ("EGS") Platform began offering keyless integration with other game stores so that an EGS-enabled game purchased on a third-party game store is instantly loaded into a gamer's EGS library, thereby allowing publishers to avoid the risks inherent to key-based distribution models. ¶ 160.	Similarly, Valve's competitors, Ubisoft and Epic Games, offer "keyless" distribution programs, solving the security issues inherent in Steam Keys. For example, the Epic Games Store (EGS) began providing keyless integration with third-party stores so that an EGS-enabled game purchased elsewhere is instantly added to a gamer's EGS library, allowing publishers to avoid the risks of key-based models. ¶ 65.
Valve requires that publishers wishing to market Steam-enabled games sign up as a Steamworks Partner with Valve. . . . But Valve also requires the game publisher to list its games for sale on the Steam Store. ¶¶ 161–62.	Valve mandates that publishers looking to market Steam-enabled games sign up as a Steamworks Partner with Valve. Additionally, Valve requires these publishers to list their games for sale on the Steam Store. ¶ 68.
There is little cross elasticity of demand between the use of PC Desktop Gaming Platforms and the use of other gaming platforms. A hypothetical monopolist in the PC Desktop Gaming Platform Market could profitably impose a small but significant and non-transitory increase in price ("SSNIP"), or lower quality by a small but significant and non-transitory amount, that, because of the lock-in effects and other factors above, would not cause a sufficient number of gamers or	In economic terms, there is not a significant positive cross elasticity of demand between PC game distribution and the distribution of other types of games. A hypothetical monopolist in the market could impose a small but significant, non-transitory increase above competitive prices for PC Game Distribution services without causing such a

publishers to switch away from the use of PC Desktop Gaming Platforms to render the SSNIP unprofitable to the hypothetical monopolist. ¶ 92.	significant loss of sales such as to make the increase unprofitable. ¶¶ 100–01.
According to a long-time Valve employee, "Valve was really all about controlling the flow of an entertaining experience. Having your hand on that knob, deciding when to turn it up, turn it down." Thus, the company's name, "Valve," was a "compelling metaphor." ¶ 109.	A long-time Valve employee remarked, "Valve was really all about controlling the flow of an entertaining experience. Having your hand on that knob, deciding when to turn it up, turn it down." The company's name, "Valve," aptly serves as a "compelling metaphor." ¶ 123.
Due to its large market share and user base, game publishers generally consider the Steam Gaming Platform a must-have. As put by one game publisher, "As a developer, it's scary to have one entrenched company dominating all of PC games since we are completely at Valve's mercy." ¶ 108.	Due to its extensive market share and user base, consumers and publishers view Steam as a platform they must do business with. . . . Although some developers have expressed concern with this fact, stating, "As a developer, it's scary to have one entrenched company dominating all of PC games since we are completely at Valve's mercy." ¶ 122.
As explained by an EA executive, PC game publishers "want to be where the players are," which in the case of PC Desktop Games means the Steam Gaming Platform. ¶ 110.	As explained by an Electronic Arts executive, PC game publishers "want to be where the players are," which means Steam. ¶ 122.
According to a former Valve employee, "in the Internet age, software has close to zero cost of replication and massive network effects, so there's a positive feedback spiral that means that the first mover dominates. The Steam Gaming Platform connects gamers to gamers and gamers to publishers. As more gamers engage with the Steam Gaming Platform, its value increases for both gamers (direct network effects through the ability of gamers to find others to play games with and to develop a more robust social network) and publishers (indirect network effects through access to more gamers). In turn, more publishers on the Steam Gaming Platform increases its value for gamers (further indirect network effects). ¶¶ 111–12.	A former Valve employee once observed, "In the Internet age, software has close to zero cost of replication and massive network effects, so there's a positive feedback spiral that means that the first mover dominates." Steam serves as a link connecting consumer gamers to other gamers and publishers. As more consumers engage with the platform, its value increases for both consumer gamers (through direct network effects, enabling them to find others to play with and building a more robust social network) and publishers (via indirect network effects, providing access to a larger audience). Similarly, as more publishers use Steam, its value further increases for gamers. ¶ 127.

The PC Desktop Gaming Platform Market has many barriers to entry that reinforce Valve's dominance and monopoly power in the market for PC Desktop Gaming Platforms. These barriers are typical of technology platforms generally. As discussed in the Digital Markets Report, typical barriers to entry for technology platforms include network effects, switching costs, the accumulation of data, and economies of scale and scope. All of these barriers to entry apply to the PC Desktop Gaming Platform Market in general, and to the Steam Gaming Platform in particular. ¶ 111.	The PC game and PC in-game payment processing market feature numerous barriers to entry, reinforcing Valve's monopoly and/or market power. These barriers are typical for technology platforms. The Congressional "Digital Markets Report" outlines typical barriers for such platforms, including network effects, switching costs, data accumulation, and economies of scale and scope. 5 Each of these obstacles is present in the PC game and PC in-game payment processing markets, and Steam in particular. ¶¶ 125–26.
These included social networking features, communities of game "modders," and an achievement system where gamers could track their progress on games. Today, gamers with Steam Gaming Platform accounts can create a social network of friends and teammates that any game on the platform can access. This means that gamers do not need to search for their friends each and every time they purchase a new computer game or want to play a game they already own with friends; they can log on to the Steam Gaming Platform and can see who is online or invite friends through the platform to join them in a game. ¶ 56.	Steam's platform incorporates social networking features, communities of game "modders"—users who modify one or more aspects of a game—and an achievement system that tracks gamers' progress. Users with Steam accounts can create a network of friends and teammates that is accessible across any game on Steam. This allows gamers to easily find friends to play with, without needing to search for them each time they purchase or play a new game. ¶ 128.
Moreover, "[i]n many cases, large technology firms can maintain market power in part because it is not easy for users to switch away from the incumbent's technology." While it is possible to "multi-home" on PC Desktop Computers by installing multiple gaming platforms, the Steam Gaming Platform creates strong lock-in effects through a user's game library and data in the form of achievements and social connections. ¶ 113.	Many large technology firms maintain their market power because it's difficult for users to switch away from their platforms. Although PC gamers can technically "multi-home" by installing various gaming platforms, Steam creates strong lock-in effects through a user's game library and data, including achievements and social connections. ¶ 129.
As noted, Valve collects detailed data on game usage, game preferences, social networks, and other facets of its Steam Gaming Platform. These data collection practices enhance Valve's market power. The	Valve collects detailed data on game usage, preferences, social networks, and other activities on its platform, and uses this information to enhance its monopoly and/or market power. The accumulation of such data

accumulation of such data "can serve as another powerful barrier to entry for firms in the digital economy" and "data-rich accumulation is self-reinforcing." As explained by the American Bar Association's Antitrust Law Section: Big data and data analytics can create and amplify feedback effects. For example, more people using a product can mean that more data, and more diverse data, will be collected, allowing the company to both improve its products as well as potentially identify and offer new ones. This in turn can attract more customers, leading to a positive feedback loop, helping a company to grow and potentially dominate the market. Indeed, data-driven markets may "tip towards one or two products or platforms." ¶ 114.	"can serve as another powerful barrier to entry for firms in the digital economy" and is "self-reinforcing." According to the American Bar Association's Antitrust Law Section: Big data and data analytics can create and amplify feedback effects. For example, more people using a product can mean that more data, and more diverse data, will be collected, allowing the company to both improve its products as well as potentially identify and offer new ones. This in turn can attract more customers, leading to a positive feedback loop, helping a company to grow and potentially dominate the market. Indeed, data-driven markets may 'tip towards one or two products or platforms. ¶ 130.
Valve also gains access to, and utilizes, detailed information about its competitors' businesses. Valve is the gatekeeper for the Steam Gaming Platform, and sets the terms and conditions on which its game-publisher rivals can access the Steam Store and the Steam Gaming Platform. This allows Valve to favor or punish specific games or publishers, or change the rules when Valve feels threatened in any way by specific game publishers or rivals in the markets for PC Desktop Gaming Platforms and PC Desktop Game Distribution. ¶ 115.	Valve also has access to detailed information about its competitors' operations. As the gatekeeper of the Steam platform, Valve sets the terms under which game publishers, including its rivals, can access it. This allows Valve to favor or punish specific games or publishers, and to alter the rules whenever it feels threatened by particular publishers or competitors in the market. ¶ 131.
Valve's ability to function as a gatekeeper distorts competition because its rivals must weigh the risks of retaliation. As owner of the Steam Store, which is the primary means of access to the Steam Gaming Platform for publishers, Valve has further gatekeeping power over its rivals and the market as a whole. Valve has unlimited power to promote Valve's own games on the store. Valve can add demonstration ("demo") versions of its games directly to every consumer's library, and ensure its own games are at the top of sale queues presented to users. Valve also monitors point-of-sale	Valve's gatekeeping ability distorts competition. As owner of the Steam Store, which serves as the primary avenue for publishers to reach PC gaming consumers, Valve has an overarching power over the entire industry. Valve can promote its own games within the store and demote others, add demonstration versions of its games directly to every user's library, and ensure its products are prioritized in sales queues presented to users. Valve also monitors competitors' point-of-sale transactions and microtransactions. ¶ 132.

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transactions and microtransactions for its competitors' games. ¶ 116.	
Epic is behind the gaming phenomenon, Fortnite, which earned over $4 billion between its launch in September 2017 and the summer of 2019. Fortnite's user base gave Epic a strong foundation from which to launch its PC Desktop Game Distribution storefront, which Epic started because, as its CEO explained, "Stores extract an enormous portion of game industry profits and are ripe for disruption." As a prominent game publisher, Epic wanted to avoid paying third parties excessive commissions, and also to bring about a low-commission model for game publishers generally. ¶ 255.	Epic, known for the massive success of *Fortnite*, which generated over $4 billion between 2017 and mid-2019, launched its store partly because, as its CEO noted, "[s]tores extract an enormous portion of game industry profits and are ripe for disruption." Epic, as a leading game publisher, aimed to avoid excessive commissions and promote a low-commission model for the industry. ¶ 136.
To attract publishers to its new storefront, Epic offered publishers a much lower commission than the Steam Store: 12% instead of Valve's 30%. As Epic recently stated in court filings, "Epic decided to charge developers a 12% revenue share after it concluded that 12% would be competitive, sufficient to cover its costs of distribution and allow for further innovation and investment in EGS." ¶ 256.	To attract publishers, Epic offered a much lower 12% revenue share and waived the usual 5% royalty for developers using its Unreal Engine after a revenue threshold. Epic determined that a 12% commission was sufficient to cover store costs in a competitive market. ¶ 136.
To attract gamers to its new platform, Epic began giving away large volumes of games for free through its storefront. In 2020 alone, Epic reported that users claimed more than 749 million copies of free games through the EGS. ¶ 257.	Epic has heavily invested in attracting gamers to its platform by giving away large quantities of free games. In 2020, it gave away 103 titles worth a combined total of $2,407, resulting in 749 million free game claims by customers. ¶ 137.
Epic obtains this exclusivity in order to compete with the Steam Gaming Platform; by doing so, it draws in users wanting the most popular new games and can kick-start network effects on the EGS Platform. But the "exclusives" strategy has caused backlash from gamers who are irritated they need to either wait for a Steam-enabled release or use a PC Desktop Gaming Platform they do not prefer. As one article explains, "Poaching titles from Steam isn't the best of practices, especially when such an immense amount of	Epic employs exclusives to draw users to its store, aiming to disrupt Steam's strong market position by attracting players who want to access the latest popular games, thus jumpstarting network effects. However, this exclusivity strategy has caused backlash among gamers who resent either having to wait for a Steam release or use an alternative platform. One article notes that "Poaching titles from Steam isn't the best of practices, especially when such an immense amount of backlash is received from fans far and wide."

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backlash is received from fans far and wide." Despite the frustrations Epic's strategy created, it helped spur growth for the EGS Platform. ¶ 260.	Despite the controversy, the strategy did help grow the Epic store's user base. ¶ 139.
But, even with these aggressive tactics, the EGS Store has been unable to move a significant share of the PC Desktop Game Distribution Market away from Valve and the Steam Store. Analyzing 2019 figures, one industry analyst explained that, despite its dogged efforts, EGS likely had a market share "a little above 2%" and that "Epic games paid more than their market share to get that market share. They spent $880M for revenue of $680M." ¶ 261.	Despite its aggressive tactics, the Epic Games Store has not significantly cut into Valve's market share. For instance, even though Epic secured exclusivity for high-profile games like *Borderlands 3,* the game was later released on Steam, where it achieved commercial success. Analysis of 2019 figures indicates that despite its efforts, Epic's store likely captured only "a little above 2%" of the market. To acquire this market share, Epic spent $880 million while earning $680 million in revenue. ¶ 140.
The 2020 figures are roughly similar to those reported in 2019. The most recent year-in-review report for the EGS shows that PC desktop gamers spent $700 million on the EGS, which includes approximately $435 million in sales from Epic's proprietary games. And EGS ended up giving away product valued at $2.4 billion while only earning $700 million through its storefront. ¶ 262.	In 2020, the Epic Games Store continued a similar pattern, with PC gamers spending a total of $700 million on the platform, which included around $435 million from sales of Epic's proprietary games. Epic also gave away products valued at $2.4 billion while only generating $700 million in revenue through its storefront. ¶ 141.
As the PC Desktop Game Distribution Market is roughly $36 billion (including microtransactions), Epic's market share is only around 1.9%, even after roughly two years of aggressive and well-funded competition against the Steam Store. ¶ 263.	Considering the PC game distribution market is approximately $36 billion, including microtransactions, Epic's market share stands at around 1.9%, even after two years of aggressive and well-funded efforts to compete with Steam. ¶ 142.
As explained by one industry analyst, "Two years and four months after its inception on December 4, 2018, the Epic Games Store hasn't done much for its parent company aside from being one of its biggest money losers. This is according to court documents shared by a ResetEra user, which reveal that the fledgling Steam competitor had cost Epic Games approximately $181 million and $273	One industry analyst explained, "Two years and four months after its inception on December 4, 2018, the Epic Games Store hasn't done much for its parent company aside from being one of its biggest money losers." According to court documents, Epic Games Store resulted in approximately $181 million in losses in 2019 and $273 million in losses in 2020. ¶ 143.

million in losses in 2019 and 2020, respectively." ¶ 264.	
On June 3, 2011, EA attempted to enter the relevant markets with a vertically integrated Platform/Distribution product named "Origin." Similar to the Steam Gaming Platform, Origin was designed to be a "direct-to-consumer gaming platform" where gamers could download and maintain their Origin-enabled games. Although Origin originally offered only EA developed games, EA soon after announced releases from other major publishers, including Warner Bros., THQ, and Capcom Entertainment, Inc. ¶ 236.	EA launched its Origin store and game launcher on June 3, 2011, as a "direct-to-consumer gaming platform," allowing gamers to buy, download, and play games directly from EA, bypassing Valve's commission. Initially, Origin featured only EA-developed games but soon expanded to include releases from other major publishers such as Warner Bros., THQ, and Capcom Entertainment, Inc. ¶ 149.
Contemporaneous news articles described how the Origin Platform "presents the biggest threat to Steam's dominance yet . . . ." Origin achieved a user base of more than 50 million total registered users, and EA was well positioned to have a viable gaming platform given its marquee titles including SimCity, The Sims, and Battlefield 3. ¶ 237.	News articles at the time described Origin as "the biggest threat to Steam's dominance yet." Origin quickly gained a user base of over 50 million registered users, leveraging EA's high-profile franchises, including *SimCity, The Sims,* and *Battlefield 3.* ¶ 150.
To help get Origin off the ground, EA initially mandated that all EA games would need to use the Origin Platform, even if purchased through alternative distributors. As a result of that strategy, EA withdrew its games from the Steam Store, which does not allow publishers to sell versions of games created for other platforms. While other distributors like GameStop were happy to sell Origin-enabled versions of games, Valve would not do so through its Steam Store. EA explained, "At present, there is only one download service [Steam] that will not allow this relationship. . . . Steam has imposed a set of business terms for developers hoping to sell content on that service—many of which are not imposed by other game services." ¶ 238.	To jumpstart Origin's success, EA initially mandated that all EA games use the Origin platform, even if purchased through other distributors. This decision resulted in EA withdrawing its games from the Steam Store, as Steam does not permit publishers to sell versions of games tailored for other platforms. While other distributors like GameStop were willing to sell Origin-enabled versions, Valve would not permit this on the Steam Store. EA explained, "At present, there is only one download service [Steam] that will not allow this relationship. . . . Steam has imposed a set of business terms for developers hoping to sell content on that service—many of which are not imposed by other game services." ¶ 151.
As one article put it, "It has been a long and largely fruitless road for Origin, EA's PC gaming client that it had planned on building	As one article put it: "It has been a long and largely fruitless road for Origin, EA's PC gaming client that it had planned on building

into a rival of Valve's Steam. What was originally supposed to have been the chief antagonist to Steam in the ongoing PC gaming platform wars instead is best described as a failure to launch." Valve's conduct thus relegated EA to being yet another publisher paying the bloated 30% tax Valve imposes on nearly every game sold through the Steam Store. ¶¶ 239–40.	into a rival of Valve's Steam. What was originally supposed to have been the chief antagonist to Steam in the ongoing PC gaming platform wars instead is best described as a failure to launch." Due to Valve's conduct, EA found itself forced into becoming another publisher subject to the 30% fee imposed on most games sold through the Steam Store. ¶¶ 152–53.
In 2012, Microsoft released the Microsoft Store (formerly known as Windows Store) as its digital distribution platform, including for PC Desktop Games. Unlike other stores, Microsoft merged its other distribution channels into a single storefront, including games operating on both Windows, and its video game console, Xbox. The creation of a cross-console storefront later enabled a cross-platform capability (PC to Xbox), such that a Microsoft Store user can move between game play between consoles without needing to purchase the game on the separate devices (Xbox Play Anywhere). In turn, the Windows Store could become a "near-omnipresent digital storefront, giving Microsoft a captive audience for its library of software, and not coincidentally acts as a challenge to Steam's market dominance." Microsoft also leveraged its dominance of the Windows operating system by having its store pre-installed on Windows-based PCs. ¶ 249.	In 2012, Microsoft launched the Microsoft Store (previously known as Windows Store) as its digital distribution platform for PC games. Unlike other stores, Microsoft merged its distribution channels into a single storefront, including games that operated on both Windows and its Xbox console. This integration later enabled cross-platform capabilities between PC and Xbox, allowing users to switch between consoles without purchasing the game separately for each device. The Windows Store was positioned to become a "near-omnipresent digital storefront," providing Microsoft with a captive audience for its software library and offering a potential challenge to Steam's market dominance. Microsoft also leveraged its Windows operating system by pre-installing its store on Windows-based PCs. ¶ 154.
To grow its share of the PC Desktop Gaming Platform Market, Microsoft began distributing many PC games published by Microsoft or its subsidiaries exclusively through the Microsoft Store. This included Sea of Thieves, Age of Empires, and Microsoft Flight Simulator. ¶ 250.	To grow its market share in PC game distribution, Microsoft distributed many of its PC games exclusively through the Microsoft Store. This included popular titles such as *Sea of Thieves, Age of Empires,* and *Microsoft Flight Simulator.* ¶ 155.
Despite these efforts, Microsoft was unable to grow its share of either the PC Desktop Gaming Platform Market or the PC Desktop Game Distribution Market to commercially viable levels. Microsoft has since retreated from this strategy, and in May 2019, Microsoft announced it would bring more games to the Steam Gaming Platform. As an	Despite these efforts, Microsoft was unable to establish a commercially viable market share in PC game distribution. Consequently, Microsoft retreated from this strategy and began selling its PC games on Steam in 2019. One insider remarked that Microsoft "has

insider remarked on Microsoft's surrender to the Steam Gaming Platform, Microsoft "has given up entirely on that vision . . . to dethrone Steam." ¶ 251.	given up entirely on that vision . . . to dethrone Steam." ¶ 156.
Amazon, through the Twitch Store, opened a joint platform/storefront in April 2017, heralded as "one of the biggest challenges yet to Steam." It was shuttered 18 months later. ¶ 252.	Amazon tried to enter the market through the Twitch Store, launching a joint platform/storefront in April 2017. It was hailed as "one of the biggest challenges yet to Steam." However, the Twitch Store was shut down just 18 months later. ¶ 158.
Google also launched a competitive offering, Google Stadia, meant to be "the future of gaming." Yet a February 26, 2021 article announced it has "absolutely crumbled under expectations." ¶ 253.	Google also introduced a competitive offering called Google Stadia, which was intended to be "the future of gaming." Yet, by February 26, 2021, reports indicated that Stadia had "absolutely crumbled under expectations." ¶ 159.
Released in 2015, Discord serves as another example of a failed attempt to compete in the relevant markets against the Steam Gaming Platform and Steam Store. Discord is an application that offers text messaging, voice, and video calling for gamers to communicate with friends while playing a game. Discord has experienced rapid growth since it launched, reporting 8.9 million daily users in 2017 and 100 million daily users in 2020. ¶ 241.	Discord provides another example of a failed attempt to compete against Steam in the market. Discord is an application that offers text messaging, voice, and video calling services for gamers to communicate with friends during gameplay. Since its launch, Discord has grown rapidly, with 8.9 million daily users in 2017 and 100 million daily users by 2020. With millions of active PC gamers already using the platform, Discord offered a potentially formidable challenge to Steam. ¶ 160.
In August 2018, Discord attempted to enter the relevant markets through a vertically integrated offering. At the time, a media intelligence company purportedly called Discord the "biggest threat [Steam's] faced in years." With a large user base already registered in Discord for voice communications and social networking, Discord appeared to be a formidable competitor to Valve. Discord enticed gamers and publishers with attractive offerings, such as exclusive periods of curated games being offered for free. Just a few months after the initial release, further enticing developers, Discord announced that all developers—	In August 2018, Discord made a move to enter the market through a vertically integrated offering. At the time, a media intelligence company reportedly called Discord the "biggest threat [Steam has] faced in years." With a large, existing user base registered on Discord for voice communication and social networking, the platform appeared well-positioned to challenge Valve. Discord initially attracted gamers and publishers by offering exclusive periods during which curated games would be available for free. Just a few months after the initial launch, Discord further enticed developers by announcing that all

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regardless of size—could self-publish games. ¶¶ 242–43.	developers, regardless of size, could self-publish their games. ¶ 161.
Even more significant, Discord announced a 90/10 revenue split. Publishers would pay just a 10% commission—that is, one-third of the size of Valve's. When Discord announced its new initiative, it openly questioned, "Why does it cost 30% to distribute games?" Discord concluded that it "[t]urns out, it does not cost 30% to distribute games in 2018." Discord settled on 10% because it "covers [its] operating costs," but also added, "we'll explore lowering it by optimizing our tech and making things more efficient." ¶ 244.	More significantly, Discord introduced a 90/10 revenue split. Publishers were required to pay just a 10% commission, which was one-third of Valve's fee. When Discord announced this new model, it questioned: "Why does it cost 30% to distribute games?" Discord argued that it "[t]urns out, it does not cost 30% to distribute games in 2018." The company settled on the 10% rate because it "covers [its] operating costs," and even suggested it might consider lowering the rate further by optimizing its technology. ¶ 162.
Despite its massive user base and a pro-developer and pro-consumer approach, Discord never gained traction. By early 2019, Discord started "downscaling" its efforts in favor of a model where gamers would gain access to a pool of games for a monthly fee, a service called Nitro. By October 2019, Discord announced the Nitro offering would be shut down. ¶ 245.	Despite its massive user base and pro-developer, pro-consumer approach, Discord failed to gain traction. By early 2019, Discord began to "downscale" its efforts, shifting towards a model where gamers would gain access to a pool of games for a monthly fee, a service known as Nitro. By October 2019, Discord announced that it would discontinue the Nitro service. ¶ 163.
As mentioned above, Discord's failure was largely caused by Valve's anticompetitive conduct. When game developers released on Discord to take advantage of Discord's lower commission structure, Valve would reach out to the game developer for violating Valve's parity pricing requirements, chilling the game developer's ability to do business with Discord. Discord's low-commission strategy was unable to drive volume to the Discord store, because publishers could not steer gamers to Discord. ¶ 246.	As noted earlier, Discord's failure was largely due to Valve's anticompetitive behavior. When game developers released their products on Discord to take advantage of its lower commission structure, Valve contacted those developers, enforcing its parity pricing requirements. This intervention limited the developers' ability to conduct business with Discord. Discord's low-commission strategy could not attract enough volume because publishers were unable to direct gamers to the Discord store. ¶ 164.
Despite Discord's failure to enter the relevant markets, Valve recognized a nascent threat on the horizon. As Discord was increasingly gaining influence and power as a communications tool for gamers, Valve began copying Discord's features one-by-one in Steam. For example, Valve introduced	Despite Discord's inability to enter the market successfully, Valve perceived the platform as a potential threat. As Discord gained popularity as a communication tool for gamers, Valve began to copy Discord's features in Steam. For instance, Valve introduced "Steam Chat," offering a friends

"Steam Chat," which provides a friends list, secure voice chat, and group channels. A reporter for Business Insider put it succinctly: "The update takes many cues from Discord, including a suspiciously similar user interface" that looks "almost exactly the same." ¶ 247.	list, secure voice chat, and group channels. A reporter for Business Insider noted that "The update takes many cues from Discord, including a suspiciously similar user interface" that looks "almost exactly the same." ¶ 166.
Very few PC games have found success outside of the Steam Gaming Platform, and such games typically require a long history of recognition and success before they can attempt to thrive without the Steam Gaming Platform. For example, League of Legends was released in 2009, before the Steam Gaming Platform had cemented its hold on the PC Desktop Gaming Platform Market. Riot, the publisher of League of Legends, was able to circumvent Valve's dominance . . . . Such games are rare—the Steam Store has over 45,000 games available whereas the number of PC Desktop Game franchises that can avoid the Steam Gaming Platform entirely can be counted on two hands. ¶¶ 120–21.	Only a select few PC games have managed success outside of Steam, and these are typically games with a long history of recognition. For example, "League of Legends," released in 2009, managed to bypass Valve's dominance due to its extensive and dedicated user base. However, such cases are the exception, as Steam hosts over 50,000 games, while the number of franchises that can avoid using Steam entirely can be counted on two hands. ¶ 167.
Valve has also increased its monopoly power through the sale and facilitation of ancillary services on the Steam Gaming Platform. For example, Valve runs a "Steam Workshop," which it describes as a "central hub of player-created content and tools to publish, organize, and download that content into your games." . . . And this marketplace provides ancillary revenue for Valve. When digital goods are sold through the Steam Workshop, Valve collects 75% of the sale price, leaving 25% for the creator. ¶¶ 122–23.	Valve has expanded its market power through ancillary services offered on Steam. One such example is the "Steam Workshop," described as a hub for player-created content and tools that facilitate the publishing, organization, and downloading of content into games. This marketplace provides additional revenue for Valve. When digital goods are sold through the Steam Workshop, Valve takes 75% of the sale price, leaving only 25% for the content creator. ¶ 168.
Valve has bragged about how much money it pays such creators of digital goods, claiming it paid more than $57 million to Steam Workshop creators. But the $57 million in payments to creators implies Valve made $171 million in profit merely by inserting itself as a middleman between the innovative good creators and their customers. This highlights Valve's ability to extract	Valve has publicly highlighted the payments it has made to creators of digital goods, claiming to have paid over $57 million to Steam Workshop contributors. However, this amount implies that Valve earned approximately $171 million in profit by simply acting as an intermediary between creators and their customers. This demonstrates Valve's ability to generate

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supracompetitive profits through its market dominance. ¶ 124.	substantial profits through its market dominance. ¶ 169.
Valve's market power in the market for PC Desktop Gaming Platforms also is demonstrated by the anticompetitive effects detailed throughout this Complaint. As described herein, Valve's conduct has led to supracompetitive prices in the market for PC Desktop Game Distribution and a reduction in market-wide output (in terms of quality, innovation, and choice) in both relevant markets. ¶ 125.	The anticompetitive effects detailed throughout this complaint further illustrate Valve's market power. Valve's conduct has resulted in supracompetitive prices in the PC game distribution market, reducing market-wide output in terms of quality, innovation, and consumer choice. ¶ 170.
Epic recently stated in court filings that "Epic decided to charge developers a 12% revenue share after it concluded that 12% would be competitive, sufficient to cover its costs of distribution and allow for further innovation and investment in EGS." In an interview given shortly after EGS opened, Tim Sweeney, CEO of Epic, stated that "[f]ixed costs of developing and supporting the platform become negligible at a large scale. In our analysis, stores charging 30 per cent are marking up their costs by 300 to 400 per cent . . . ." ¶ 277.	For example, Epic Games has acknowledged in court filings that "Epic decided to charge developers a 12% revenue share after it concluded that 12% would be competitive, sufficient to cover its costs of distribution and allow for further innovation and investment in EGS." Epic's CEO, Tim Sweeney, has further confirmed that "[f]ixed costs of developing and supporting the platform become negligible at a large scale. In our analysis, stores charging 30 per cent are marking up their costs by 300 to 400 per cent." ¶ 173.
Discord concluded that it "[t]urns out, it does not cost 30% to distribute games in 2018." Discord settled on 10% because it "covers [its] operating costs," but also added, "we'll explore lowering it by optimizing our tech and making things more efficient." ¶ 244.	Gaming platform Discord likewise observed that "it does not cost 30% to distribute games" and that a platform could "build amazing developer tools [and] run them" through a 10% fee. Discord went on to note that "10% covers our operating costs, and we'll explore lowering it by optimizing our tech and making things more efficient." ¶ 174.
To further cement its dominance, Valve imposes a Platform MFN on game publishers that list games in the Steam Store (the "Valve PMFN"). Like PMFNs generally, the Valve PMFN compels publishers to sell their games at the Steam Store price (or higher) in *all* distribution channels, even distribution channels that do not involve connection to or	Valve protects itself from competition by imposing a PMFN on game publishers who list their games on the Steam Store. As with other PMFNs, Valve's PMFN forces publishers to maintain the same or higher prices for their games across all distribution channels, even those not linked to Steam, and even when those channels offer more

enablement for the Steam Gaming Platform. ¶ 184.	competitive fees, substantially lower than Valve's 30% cut. ¶ 180.
The specific form and language of the Valve PMFN has changed over time, and encompasses both written and unwritten rules enforced by Valve against publishers. The one constant is Valve's enforcement of pricing parity across the market. ¶ 185.	Valve's PMFN has been expressed through various forms, both written and informal, over time. It has never been removed and remains in effect to this day. Regardless of the iteration, the PMFN always serves to suppress price competition that could challenge Steam's market control. ¶ 181.
Through the Valve PMFN, Valve gains the ability to control—including through punishment and threats—publishers who attempt to steer customers to alternative PC Desktop Game Distribution options. If publishers do not abide by Valve's mandates, they risk losing access to the Steam Gaming Platform altogether, which would be devastating to their businesses. ¶ 188.	Through the PMFN, Valve maintains control over publishers, using threats and penalties to ensure they do not offer discounts to draw customers to other distribution channels. Any publisher that fails to comply with Valve's rules risks losing access to the Steam platform entirely, a blow that could be disastrous given that the majority of PC gamers use Steam. ¶ 183.
Through the Valve PMFN, Valve distorts competition over not only Steam-enabled versions of PC Desktop Games, but *all* PC Desktop Games. ¶ 189.	The reach of Valve's PMFN is especially damaging because it affects not just Steam-enabled versions of PC games but also all other versions of those games developed for other platforms. ¶ 184.
The best way for rival PC Desktop Gaming Platforms like the EGS Platform to make inroads against the Steam Gaming Platform would be to grow usage on their platforms by both gamers and publishers. One potential way to do so would be to steer gamers and publishers to the platform using price, encouraging additional platform growth by connecting to distributors charging lower commissions to publishers and gamers. ¶ 190.	The PMFN also hampers competition from other distribution channels. In order to compete with Valve, rival platforms need to attract a significant number of gamers and publishers, leveraging the network effects inherent in platform-based economics. The most straightforward way for a competing platform to achieve this is by reducing publisher fees. In a competitive market, this would encourage publishers to participate in the platform and, without the PMFN, would enable publishers to offer lower prices that would steer customers away from Steam. ¶ 185.
But through the Valve PMFN, Valve has the ability to control publishers' retail prices and set a benchmark price for the market. Thus, even if a rival platform is charging	However, because of Valve's PMFN, Valve essentially controls the retail prices publishers can offer, setting a price floor across the market. Even if a competing

commissions lower than Valve's 30% commission, gamers will not switch platforms because they receive little or no price benefit as publishers cannot sustain lower retail prices on competing platforms. ¶ 191.	platform offers publishers lower commissions than Valve's 30%, publishers are unable to attract gamers to the rival platform through better pricing. They must charge the same price across all platforms and offer the same content, leaving gamers little reason to move away from Steam and its incumbent advantages. ¶ 186.
Valve enforced the Valve PMFN, for example, to block competition from the Discord Store. As detailed below, Discord launched a competitor to the Steam Store that charged only a 10% commission. As Discord offered a much lower price, some publishers wanted to steer customers to Discord, where the publisher could charge a lower price to the customer while growing its own revenue. ¶ 192.	Valve has repeatedly used its PMFN to prevent potential competition. For instance, Valve invoked the PMFN to shut down competition from the Discord Store. Discord tried to compete by introducing a store that charged only a 10% commission—one-third of Valve's rate. Publishers saw this as an opportunity to increase their share of revenues and tried to attract gamers to Discord with better pricing. But Valve blocked this by enforcing its PMFN, preventing publishers from offering discounts on Discord. ¶ 187.
Valve also has a set of explicit written rules in its publisher documentation that govern pricing. While these rules nominally apply only to Steam Keys, Valve has made clear to publishers that in fact these rules apply to *all* sales, Steam Keys or otherwise. In response to one inquiry from a game publisher, for example, Valve explained: "We basically see any selling of the game on PC, Steam key or not, as a part of the same shared PC market-so even if you weren't using Steam keys, *we'd just choose to stop selling a game if it was always running discounts of 75% off on one store but 50% off on ours. . . .*" ¶ 195.	Valve also clearly outlines its PMFN in formal rules. One of Valve's guidelines explicitly states: "You should use keys to sell your game on other stores in a similar way to how you sell your game on Steam. It is important that you don't give Steam customers a worse deal than Steam Key purchasers." While these rules appear to focus on Steam Keys, Valve has made it known to publishers that the same requirements apply to all sales. As Valve told one game publisher: "We basically see any selling of the game on PC, Steam key or not, as a part of the same shared PC market—so even if you weren't using Steam keys, we'd just choose to stop selling a game if it was always running discounts of 75% off on one store but 50% off on ours . . . ." ¶ 188.
A prior version of this language read: "You are welcome to generate keys for resale with other retailers, including your own website. However, *your product must also be available for sale on Steam.* If you are hoping to receive exposure to Steam customers, *the price on Steam will have to match prices*	Likewise, a previous version of Valve's guidelines stated: "You are welcome to generate keys for resale with other retailers, including your own website. However, your product must also be available for sale on Steam. If you are hoping to receive exposure to Steam customers, the price on Steam will

elsewhere." In other words, Valve told game developers that they would be punished by losing "exposure to Steam customers" if they did not have equal prices across all distributors. ¶ 197.	have to match prices elsewhere." Valve used this guidance to threaten developers with losing access to Steam's customer base if they offered discounts on rival platforms, even when those platforms provided more favorable terms for publishers. ¶¶ 189–90.
Publishers are reminded of these restrictions whenever they request Steam Keys. A copy of the "prompt" screen for publishers requesting keys appears below . . . Thus, in order to receive any Steam Keys, Valve requires game publishers to agree that *"I understand that I need to sell my game on other stores in a similar way to how I am selling my game on Steam"* and that *"I agree that I am not giving Steam customers a worse deal."* The publisher must also agree that *"I understand that while it's OK to run a discount on different stores at different times, I agree to give the same offer to Steam customers within a reasonable amount of time."* Again, as discussed above, Valve enforces these rules against publishers not only for Steam Key games, but for *all* games. ¶¶ 198–99.	Whenever publishers request Steam Keys, Valve reminds them of these restrictions through online prompts. Publishers must agree that "I understand that I need to sell my game on other stores in a similar way to how I am selling my game on Steam" and "I agree that I am not giving Steam customers a worse deal." Publishers are also required to agree that "while it's OK to run a discount on different stores at different times, I agree to give the same offer to Steam customers within a reasonable amount of time." Valve enforces these rules not just for Steam Key games, but for all games. ¶¶ 191–92.
Valve also explicitly tells publishers that Valve enforces this provision to *"avoid a situation where customers get a worse offer on the Steam store."* Put another way, Valve uses this restriction to prevent gamers from getting a better deal anywhere other than on the Steam Store. ¶ 200.	Valve makes it clear to publishers that these restrictions are in place to "avoid a situation where customers get a worse offer on the Steam store." Essentially, the PMFN prevents gamers from getting better prices on competing platforms, ensuring Valve's dominance. ¶ 193.
Steamworks Development is a forum where publishers can interact with Valve employees. On this forum, when one publisher asked Valve about the "rules regarding distributing/selling a game outside of steam" in a thread called "Patreon and steam keys" dated July 2, 2017, "TomG" of Valve explained how the policing system works. As he explained, *"The biggest takeaway is, don't disadvantage Steam customers.* For instance, it wouldn't be fair to sell your DLC [downloadable content] for $10 on Steam if you're selling it for $5 or giving it as a reward for $5 donations. We	Valve also enforces the PMFN through informal communications. For example, in a July 2, 2017 thread on the Steamworks Development forum titled "Patreon and Steam keys," a publisher inquired into the "rules regarding distributing/selling a game outside of steam." A Valve employee, "TomG," explained: "The biggest takeaway is, don't disadvantage Steam customers. For instance, it wouldn't be fair to sell your DLC for $10 on Steam if you're selling it for $5 elsewhere or giving it as a reward for $5 donations. We would ask that Steam

would ask that Steam customers get that lower $5 price as well." ¶ 201.	customers get that lower $5 price as well." ¶ 194.
TomG also explained to another game publisher that the publisher should "[t]hink critically about how your decisions might affect Steam customers, and Valve. If *the offer you're making fundamentally disadvantages someone who bought your game on Steam,* it's probably not a great thing for us or our customers (even if you don't find a specific rule describing precisely that scenario)." In that same thread, TomG responded to a question by stating: "*we usually choose not to sell games if they're being sold on our store at a price notably higher than other stores.* That is, we'd want to get that lower base price as well, *or not sell the game at all."* ¶ 203.	In another example, TomG advised a game publisher to "[t]hink critically about how your decisions might affect Steam customers, and Valve. If the offer you're making fundamentally disadvantages someone who bought your game on Steam, it's probably not a great thing for us or our customers." In the same thread, TomG explained that Valve would not generally sell a game on Steam if it was available at a lower price on another platform, stating that "we'd want to get that lower base price as well, or not sell the game at all." ¶ 196.
Valve has gone so far as to prevent publishers from *telling* consumers about its 30% fee. While publishers can advertise alternative storefronts, publishers cannot disclose to gamers the amount of the commission Valve collects. This prevents even soft non-price steering to stores where the publisher may be able to collect a higher proportion of revenue on the sale of Steam Keys, like the Humble Store. ¶ 205.	Valve has gone even further by prohibiting publishers from informing consumers about its 30% commission. While publishers are allowed to promote other storefronts, they are not permitted to disclose the amount Valve collects in commission, further limiting the ability of publishers to steer consumers toward better, more affordable platforms. ¶ 198.
Valve's founder has admitted that Steam is a "tremendously profitable" endeavor. On a per-employee basis, Valve is perhaps the most profitable company in the world, outpacing tech giants like Apple. 135 By 2015, Valve earned more than $2 billion per year in profit, which is more than $5 million per employee. ¶ 269.	According to its founder, Valve is a "tremendously profitable" endeavor; indeed, on a per-employee basis, it is among the most profitable companies in the world. In 2015, Valve earned over $2 billion per year in profit—more than $5 million per employee. ¶ 208.
Any potential competitor against the Steam Gaming Platform in the PC Desktop Gaming Platform Market needs to overcome the Steam Gaming Platform's immense network effects caused by extensive game libraries already purchased by players, the social networking features on the Steam Gaming Platform, the achievement system embedded	Any competitor aiming to challenge Steam in the PC game distribution market must contend with the significant network effects Steam enjoys, such as its vast library of games already purchased by users, social networking functionalities, an integrated achievement system, and the established modding community. Competitors would

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into the Steam Gaming Platform, and the game modification ("modding") community that exists on the Steam Gaming Platform. Rivals would need to convince gamers and publishers to abandon all of these features and the benefits of the world's largest PC desktop gaming community to leave Steam and instead join them. When those advantages are combined with Valve's illegal conduct, it is virtually impossible for a rival to create a commercially viable competitor to the Steam Gaming Platform. ¶ 230.	need to convince both gamers and publishers to forgo these benefits in favor of a new platform. Given Valve's anticompetitive actions combined with these advantages, it becomes almost impossible for rivals to build a commercially viable alternative to Steam. ¶ 213.
By deploying the Valve PMFN, Valve can ensure that the retail prices set in the Steam Store are equal to or better than the prices offered in any rival distributor's storefront. Thus, the Valve PMFN gives Valve the ability to prevent price competition from rival storefronts. ¶ 216.	By utilizing the PMFN, Valve ensures that the retail prices on the Steam Store are equal to or better than those offered on any competing distributor's storefront. As a result, this PMFN enables Valve to eliminate price competition from rival storefronts. ¶ 215.
Platform MFNs disincentivize sellers (here, game publishers) from offering low prices in any channel, because discounts must be offered to all buyers. Platform MFNs also create artificial barriers to market entry: [S]uppose an entrant wishes to gain customers by charging a lower price (perhaps because it has no established brand name or installed base). It can profitably sell at a low price by undertaking selective contracting with suppliers willing to offer a discount in exchange for more volume or other favorable terms. If those suppliers also supply the incumbent, however, an MFN imposed by the incumbent would require the supplier to charge the same price to the entrant. This parity undermines the entrant's business model by preventing it from making an attractive offer to customers. The symmetry that MFNs impose on the marketplace thus can prevent new competition that would lower prices. ¶¶ 217–18.	PMFNs discourage publishers from offering lower prices in any sales channel since discounts must be extended to all buyers. Additionally, PMFNs create artificial obstacles for market entry. For instance, if a new entrant wants to attract customers by offering lower prices, it can do so by selectively negotiating with suppliers for a discount in return for increased sales volume or other favorable terms. However, if those suppliers also supply the incumbent (Valve in this case), the incumbent's PMFN requires them to charge the same price on the entrant's platform. This restriction hampers the entrant's ability to present an appealing offer to customers and inhibits new competition that could drive prices down. ¶ 216.
When a company imposes a PMFN prohibiting lower prices on other platforms, that provision "serves to suppress competition on the crucial dimension of price[,]" and keeps new entrants from	When a company imposes a PMFN that restricts lower pricing on other platforms, this practice "serves to suppress competition on the crucial dimension of price," preventing new entrants from undercutting

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undercutting the dominant platform's commission, and, but for the PMFN, driving consumers to the rival platform. ¶ 220.	the dominant platform's commission. Without the PMFN, consumers could be drawn to the competitor's platform. ¶ 217.
Because of the vast number of game developers selling through the Steam Store, and who are therefore subject to the Valve PMFN, discount platforms are unable to compete. Game developers are unwilling to price at a lower level, because they must do so across all platforms, and therefore gain no price benefit for themselves from lower-commission storefronts. ¶ 221.	Because of the numerous game developers selling through the Steam Store who are subject to the Valve PMFN, discount platforms cannot compete effectively. Developers are discouraged from lowering their prices since they would need to do so across all platforms, negating the potential financial benefits from lower-commission storefronts. ¶ 218.
Economic modeling demonstrates that when a dominant platform requires its sellers to agree to a PMFN, (a) there are higher platform fees; (b) there are higher retail prices; and (c) firms with lower-cost models are discouraged from entry. As shown in the Boik & Courts model, for example, a lower price entrant (such as Discord, discussed herein) cannot successfully enter because the PMFN does not allow the entrant to lower prices to attract both sellers and consumers. ¶¶ 222–23.	Economic models indicate that when a dominant platform enforces a PMFN, several outcomes occur: (a) platform fees increase; (b) retail prices rise; and (c) low-cost business models are disincentivized from entering the market. For instance, the Boik & Courts model demonstrates that a lower-priced entrant, such as Discord, cannot gain market entry successfully because the PMFN prevents the entrant from reducing prices to attract both sellers and consumers. ¶ 219.
As discussed herein, Valve's PMFN (a) raises prices to consumers, (b) prevents rival platforms from competing on price, (c) discourages new entry by a low-commission-charging platform, and (d) suppresses output by game developers. ¶ 227.	Valve's PMFN, as described above, leads to several negative effects: (a) it raises consumer prices, (b) it prevents rival platforms from engaging in price competition, (c) it discourages new entry by platforms that charge lower commissions, and (d) it suppresses output from game developers. ¶ 220.
Consumers are harmed as well by the higher prices that result. In 2019, for example, game publisher Deep Silver sold its game Metro Exodus on Steam for $60. It then began an exclusive contract with Epic at the retail price of $50 through the EGS Store for the EGS-enabled version of its game, withdrawing the Steam-enabled version from the Steam Store. This strategy made Deep Silver better off, as it would collect 88% of $50, or $44, when selling through the EGS Store—rather than 70% of $60, or $42, on Steam. And it made	Consumers are also negatively impacted by the resulting higher prices. For instance, in 2019, game publisher Deep Silver sold its game *Metro Exodus* on Steam for $60. Later, it entered into an exclusive contract with Epic, pricing the game at $50 through the Epic Games Store (EGS) and withdrawing the Steam-enabled version from the Steam Store. This strategy benefited Deep Silver, as it received 88% of $50 ($44) from sales through the EGS, compared to 70% of $60 ($42) on Steam. Consumers also benefited,

consumers better off from a price perspective, as they would pay $50 rather than $60. Deep Silver's strategy shows how a significant portion of the benefits from competition in the PC Desktop Gaming Digital Distribution Market would flow to consumers, and both publishers and gamers would be better off. ¶ 274.	paying $50 instead of $60. This example demonstrates that increased competition in the PC desktop gaming distribution market would benefit consumers. ¶ 240.
As former Apple App Store executive, Phillip Shoemaker, told the New York Times, "30 percent is way too much," and the App Store "should [charge] closer to" 3% given Apple's relatively minimal variable costs for processing App sales. Valve's variable costs are similarly minimal. ¶ 280.	However, Shoemaker later stated that "we're realizing that 30 percent is way too much," adding that Apple "should [charge] closer to" the approximately 3% fee that credit card companies charge for transaction processing, given Apple's minimal variable costs for processing app sales. Apple has indeed reduced its commission, and Valve's variable costs are similarly low. ¶ 257.
Valve's anticompetitive conduct also decreases output by decreasing the number of additional games in the market. Publishers must undertake a cost/benefit analysis to determine whether the largely fixed costs of game development could be recouped through sales to gamers. If publishers made more revenue per sale (as they would be able to do if commissions were more competitive), then they could develop more games and, by virtue of that expanded development, there would be greater quantity and variety of games in the marketplace. ¶ 284.	Valve's anticompetitive actions also limit the number of games sold in the market. Publishers must weigh whether the largely fixed development costs can be recovered through game sales. If publishers were able to earn more revenue per sale (as they could in a market with more competitive commissions), they would develop more games, increasing both the quantity and variety of games in the market. Similarly, if commissions were competitive, publishers could sell their games at lower prices while still making higher profits, thereby boosting overall sales. With higher publisher profits and lower consumer prices, output in the market would increase beyond historical levels. ¶ 262.
Valve's conduct has also decreased quality in the market. Because of Valve's exorbitant fees, publishers have attempted a number of workaround strategies that have led to consumer backlash. If Valve charged competitive commissions, the economic incentive to attempt such strategies would decrease, benefitting publishers and consumers. ¶ 285.	Valve's conduct has also reduced quality within the market. Due to Valve's high fees, publishers have employed various workaround strategies, often leading to consumer backlash. If Valve charged competitive commissions, publishers would have less economic incentive to pursue these tactics, which would ultimately benefit consumers. ¶ 263.

Because Valve enjoys such strategic advantages in the relevant markets, it also does not provide a competitive level of quality to publishers in terms of the Steam Store because it does not need to do so in order to compete. . . . Valve reinvests a miniscule portion of its revenue into improving and maintaining the Steam Store, with very few personnel allocated to Steam Store business development, customer support, and engineering. Competing stores generally offer superior infrastructure and support, despite their much smaller market share. ¶¶ 286–87.	Given Valve's strategic advantages, it doesn't need to offer a competitive level of quality to consumers, including the Plaintiffs, on its Steam Store. Valve reinvests only a small fraction of its revenue into improving and maintaining the Steam Store, allocating very few resources to business development, customer support, and engineering. Competing stores, despite their smaller market share, generally offer superior infrastructure and support. ¶ 264.
Valve's lack of investment in the Steam Platform has allowed cybersecurity vulnerabilities to proliferate for years, endangering consumers and gamers alike. For example, in 2011, hackers stole "information about Steam transactions between 2004 and 2008" that contained "names, email addresses, encrypted billing addresses and encrypted credit card information," which forced Valve CEO Gabe Newell to advise Steam Platform users to "watch your credit activity and statements." By 2015, 77,000 Steam user accounts were being "hijacked and pillaged each month." And by 2016, a cottage industry of "Steam Stealer" malware had developed that allowed criminals around the world to defraud Steam users, transforming the Steam Platform "into the devil's playground." In 2019, Valve agreed to fix a "zero-day" security flaw that had potentially exposed tens of millions of Steam users' computers to hackers, but only after Valve had been publicly pressured to do so. Later than same year, Valve halted trading and selling of digital items for one video game because "nearly all key purchases that end up being traded or sold on the marketplace are believed to be fraud-sourced" by "worldwide fraud networks" engaged in money laundering. ¶ 288.	The lack of investment in the Steam platform has allowed cybersecurity vulnerabilities to persist, posing risks to both consumers and publishers. For example, in 2011, hackers stole "information about Steam transactions between 2004 and 2008," which included "names, email addresses, encrypted billing addresses, and encrypted credit card information," prompting Valve CEO Gabe Newell to advise Steam users to "watch your credit activity and statements." By 2015, approximately 77,000 Steam user accounts were "hijacked and pillaged each month." In 2016, a "Steam Stealer" malware industry emerged, allowing criminals to defraud Steam users, turning the platform into "the devil's playground." In 2019, Valve agreed to fix a "zero-day" security flaw that had potentially exposed millions of Steam users to hackers, but only after being publicly pressured to do so. Later that same year, Valve stopped the trading and selling of digital items for a game due to concerns that "nearly all key purchases that end up being traded or sold on the marketplace are believed to be fraud-sourced" by global fraud networks engaging in money laundering. ¶ 265.
Consumers and publishers in the relevant markets have been denied the benefits of price competition that would similarly lead to	Consumers in the relevant market have been deprived of the benefits of competition, which would lead to reduced prices, higher

lower prices (and commissions for publishers) on alternative storefronts. If Valve did not block price competition for Steam-enabled games, gamers and publishers would be able to have a high-quality platform *while also* enjoying the benefits of price competition in the distribution market. That would improve quality for gamers and publishers alike, all while lowering prices for everyone. ¶ 300–01.	output, and higher quality services. If Valve did not block price competition for games that utilize Steam, gamers could benefit from having access to a high-quality platform while also enjoying the advantages of competitive pricing in the distribution market. This would improve quality for all participants, while simultaneously lowering costs for everyone. ¶ 266.
A video game is an electronic game that can be played on a computing device, such as a PC, gaming console, smartphone, or tablet. As of 2021, there are roughly 3 billion video game players worldwide. ¶ 39.	A video game is an electronic game designed to be played on various computing devices, such as PCs, gaming consoles, smartphones, or tablets. In 2021, there were an estimated 3 billion people worldwide who engage in video gaming. ¶ 23.
Video games are subcategorized by the type of device on which gamers play them, including computer games (*e.g.,* PC games), console games (*e.g.,* PlayStation or Xbox games), and mobile games (*e.g.,* games played primarily on smartphones or tablets). Any game developed for a particular type of device will only work for that type of device (*e.g.,* a PC game will work only on a PC) . . . . ¶ 40.	Video games are typically classified based on the type of device they are played on, including PC games (e.g., games for personal computers), console games (e.g., games for PlayStation or Xbox), and mobile games (e.g., games primarily played on smartphones or tablets). Games are created to be compatible only with their designated device type, such as a PC game being playable only on PCs. ¶ 24.
PC Desktop Games are video games that are downloaded and installed onto a PC device. Although such games vary in size, scope, type, and features, they all involve the ability to load the game directly from the user's computer and then allow the user to play the game from that computer. All require installation on the user's PC to work, and all save data on the user's PC, both for the purposes of running the game, as well as for saving game progress or preferences (such as control schemes, sound and video preferences, etc.). ¶ 41.	PC games are video games that users download and install onto their PCs. These games can vary in size, scope, genre, and features, but they all function directly from the computer where they are installed. They require installation on the PC for operation, and all necessary data, including game progress or user preferences (e.g., control configurations, audio-visual settings), is saved on the PC. ¶ 25.
PC Desktop Games are almost as old as PCs themselves. PCs first came to prominence in the 1980s and, at that time, numerous game publishers released games for this new type of computing device. As PCs' popularity	PC games have been around nearly as long as PCs themselves. The rise of PCs in the 1980s brought with it an increase in games designed for this new type of computing device. As personal computers became more popular, so

grew, so, too, did the popularity of PC Desktop Games. ¶ 42.	too did PC games. By 2020, the global revenue from PC games had reached at least $30 billion. ¶ 26.
For most of the history of the PC Desktop Game industry, due to technology limitations, gamers purchased most PC Desktop Games at brick-and-mortar locations. When users purchased such games, they received physical media, such as a CD-ROM, that could be brought home and installed on their computers. ¶ 43.	In the early days of the PC gaming industry, technological limitations meant that most gamers purchased their games from brick-and-mortar stores. These games were sold on physical media like CD-ROMs, which could be taken home and installed on the user's computer. ¶ 27.
Valve launched the distribution component of Steam when Valve released its blockbuster hit Half-Life 2 in 2004. At release, consumers could buy Half-Life 2 from any of the traditional brick and mortar sources, but for the first time consumers could also buy Half-Life 2 through the new Steam storefront. Although consumers could *buy* Half-Life 2 from a variety of distributors, they could only *play* it using the Steam Gaming Platform as the PC Desktop Gaming Platform. . . . Indeed, Valve required all players to log into Valve's servers through Steam in order to run Half-Life 2 at all, even if they bought a physical copy. ¶¶ 51–53.	In November 2004, Steam transitioned from being solely a patching and version-control platform to including a storefront component when Valve released *Half-Life 2*. This marked the first-time consumers could purchase a digital copy of a game through Steam, in addition to the traditional physical version. However, Valve made it mandatory for players to use the Steam platform to play *Half-Life 2,* regardless of where they purchased the game. Customers needed to create a Steam account and install the platform on their PC. ¶ 34.
In addition, unlike other distributors, which freely sell multiple versions of games designed for different platforms, Valve does not sell games enabled for other gaming platforms in the Steam Store. As discussed below, for example, when EA attempted to launch its own PC Desktop Gaming Platform Origin, Valve refused to sell Origin-enabled versions of games through the Steam Store. At the time, EA explained: "At present, there is only one download service [Steam] that will not allow this relationship. . . [The Steam Store] has imposed a set of business terms for developers hoping to sell content on that service—many of which are not imposed by other online game services." ¶ 170.	Unlike other distributors that sell multiple versions of games compatible with different platforms, Valve does not offer games designed for other gaming platforms in the Steam Store. For instance, when Electronic Arts (EA) launched its own PC gaming platform, Origin, Valve declined to sell Origin-enabled versions of games through its store. EA noted at the time: "At present, there is only one download service [Steam] that will not allow this relationship. . . [The Steam Store] has imposed a set of business terms for developers hoping to sell content on that service—many of which are not imposed by other online game services." ¶ 38.
By 2020, the Steam Gaming Platform reported 120 million monthly active users,	In 2020, Steam reported 120 million monthly active users, 25 million peak concurrent

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62.6 million daily active users, 24.8 million peak concurrent users, and 2.6 million per month first-time purchasers. ¶ 57.	users, and 2.6 million new purchases per month. Additionally, the platform has accumulated over one billion user accounts. ¶ 41.
As explained by the founder and CEO of Epic Games ("Epic"), one company that has tried to compete against Valve, "Steam has veto power over prices, so if a multi-store developer wishes to sell their game for a lower price on the Epic Games store than Steam, then: 1) Valve can simply say 'no.'" ¶ 11.	Epic Games' CEO remarked that "Steam has veto power over prices, so if a multi-store developer wishes to sell their game for a lower price on the Epic Games store than Steam, then: 1.) Valve can simply say 'no.'" ¶ 181.
In its publisher documentation, Valve makes explicit that "*Initial pricing as well as proposed pricing adjustments will be reviewed by Valve* and are usually processed within one or two business days." ¶ 186.	Steam's guidelines stipulate that publishers' "[i]nitial pricing as well as proposed pricing adjustments will be reviewed by Valve and are usually processed within one or two business days." ¶ 182.
Well-established companies with strong financial backing, such as EA, Microsoft, and Amazon, have put substantial time and effort into trying to dent the Steam Gaming Platform's dominance and have largely failed. ¶ 231.	Well-established firms with substantial financial resources, like EA, Microsoft, and Amazon, have invested considerable effort and time into attempting to challenge Steam's dominance. Despite their efforts, they were unable to make a significant impact . . . . ¶ 214.
As of October 1, 2018, Valve has three tiers for its commission fee: 30% on all of a game's earnings under $10 million; 25% on all of a game's earnings between $10 million and $50 million; and 20% on all of a game's earnings over $50 million. ¶ 6 n.3.	Moreover, in 2018, Valve adopted a tiered pricing system to disincentivize large publishers from competing directly with Steam. Valve's commission structure provides large publishers with a reduced rate of 25% for Steam sales exceeding $10 million and 20% for sales above $50 million. ¶ 211.
Relative to consoles, PCs offer more immersive and customizable control options for gamers. PC Desktop gamers can plug in the equivalent of a console controller and use that for gaming purposes, but they also can use a keyboard and mouse, joystick, and numerous other types of controls. By contrast, console gamers can only use the console manufacturer's controllers, or	Along with superior visual effects, PCs also provide more immersive and customizable control options for gamers. While PC users have the flexibility to use keyboards, mice, joysticks, and even console-like controllers, console gamers are limited to the manufacturer's controllers or a few authorized third-party alternatives. This

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authorized third-party controllers. Flexibility in controller type is one reason that many gamers choose PC Desktop gaming over console gaming. ¶ 65.	flexibility in control options is a major reason many gamers prefer PC gaming over console gaming. ¶ 81.
First, gamers make deliberate choices about which hardware systems to utilize, and once that choice is made, they remain on that platform because of lock-in effects. For example, a gamer that owns an Xbox along with several Xbox accessories such as controllers cannot use the PlayStation edition of a game without duplicating all of their hardware purchases. In this regard, a major advantage and differentiator for the PC as a hardware system is that most people have access to a PC already, and therefore there are no additional hardware costs required for gameplay. ¶ 64.	Gamers make intentional decisions about the hardware systems they use and tend to stay on that platform due to lock-in effects. For example, a player who owns an Xbox and has invested in various Xbox accessories, such as controllers, cannot simply switch to a PlayStation version of a game without repurchasing all of their hardware. This creates a barrier to switching between platforms. An advantage of PCs compared to consoles is that most people already own a PC, meaning they do not incur extra hardware costs to start gaming on a PC. ¶ 83.
Second, even for gamers who already own multiple hardware systems—like gamers that own both a PC and an Xbox—versions of the same game are not interchangeable, because different hardware systems offer different functionality and features. ¶ 65.	Even for those gamers who own multiple hardware systems—such as both a PC and an Xbox—the versions of games across these systems are not interchangeable. This is because each system offers unique functionalities and features, as mentioned earlier. An Xbox-compatible game cannot run on a PC, and vice versa. ¶ 84.

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